

FORT DODGE COMMUNITY SCHOOL DISTRICT
FORT DODGE, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

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FORT DODGE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Stuart Cochrane	President	2013
Jerry Schnurr	Vice President	2011
Craig Jarrard	Board Member	2011
Bill Kent	Board Member	2011
Kevin Rogers	Board Member	2011
Brian Forsythe	Board Member	2013
Janice Merz	Board Member	2013
<u>School Officials</u>		
Doug Van Zyl	Superintendent	2012
John W. Christensen, Jr.	District Secretary/Treasurer	2011
Rick A. Engel	Attorney	2011

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Fort Dodge Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fort Dodge Community School District, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fort Dodge Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2012 on our consideration of Fort Dodge Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 19 and 60 through 62 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fort Dodge Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Oskaloosa, Iowa
January 13, 2012

Fort Dodge Community School District

Management Discussion and Analysis

This section of the Fort Dodge Community School District's annual financial report presents our discussion. Since all activities are required to be reported on a full accrual basis, a comprehensive comparison to the prior year has been made as is required to provide comparison of key current year data to prior year data. (Please refer to Table A-1 for comparison of the fiscal years.) Please read this analysis in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's net assets in fiscal year 2011 increased 16.46 percent to \$30.959 million. The Governmental Activities net assets increased 16.61 percent, while the business type activities net assets increased 9.21 percent. (See Table A-1) Overall revenues were \$48.820 million, and expenses were \$44.443 million.
- During fiscal year 2011 the District completed the Video Camera and WIFI Projects at the Senior High School, which were funded by the Capital Projects Fund. The cost of the projects was \$52,235 and \$60,000 respectively. The District also spent \$20,000 on the Central Administration Building WIFI project, \$36,899 on the Cooper Elementary School Hot Water Boiler Replacement, and \$26,980 on the Dodger Stadium Tuckpointing Project--all funded by dollars from the Capital Projects Fund. At the end of the fiscal year the outstanding balance on the loan from the Capital Projects Fund to the Physical Plant and Equipment Fund was \$191,000 for the Dodger Stadium Turf Replacement Project. As the pledges are paid to the district through the Physical Plant and Equipment Fund, the loan from the Capital Projects Fund is reduced and eventually will be paid off in its entirety.
- A continued low level in market interest rates resulted in the General Fund interest income increasing slightly from \$49,811 in fiscal year 2010 to \$65,000 in fiscal year 2011. This is the second year that interest earnings from the General Fund increased. Total District interest earnings were \$153,793. This continued low level of interest earnings is a reflection of the continuing worldwide economic downturn that began during the 2008 calendar year.
- The General Fund ending fund balance increased from \$4.913 million in fiscal year 2010 to \$6.243 million in fiscal year 2011. The fund balance grew by \$1.33 million, which is mostly associated with a small increase in property taxes for cash reserve.
- The self insured dental internal service fund incurred a net gain of \$29,696. The District had a balance of \$129,476 at the end of the fiscal year, which is over five months' worth of reserves. The premium levels will need to be adjusted for future years to maintain the necessary reserves.
- The District Statement of Net Assets indicates an unrestricted net balance of \$1.673 million at the end of the 2011 fiscal year, which is up from \$.178 million at the end of the 2010 fiscal year. This is an 837.18 percent increase from the previous year. This is due primarily to the increase in capital assets net of related debt and a reduction of restricted net assets and controlling District expenses.

- The District revenues increased 6.05 percent in the 2011 fiscal year compared to a 3.90 percent decrease in the 2010 fiscal year, while the District expenses decreased 1.31 percent in the 2011 fiscal year compared to 1.27 percent increase in the 2010 fiscal year. Please refer to Table A-2 for a breakdown of the revenues and expenses.
- The Fort Dodge Community School District certified enrollment count taken on October 1, 2010, was 3,737.5. This count represents a reduction of 79.3 students from the prior year. There has been a net loss of 298 students in the last five years. The historic enrollment trend for the District has been downward, and according to the Iowa Department of Education estimates, it will continue downward.
- The 2011 special education balance of \$19,916 was positive for the first time in over twenty years. The deficit in fiscal year 2010 was \$238,065. The main reason for the positive balance was the increase in Medicaid reimbursements from the Federal Government and a change in the student calculation among the different levels. See Budgetary Highlights for further information on the positive balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts--management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* (Statement of Net Assets and Statement of Activities) that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how *basic* services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the district operates *like businesses*, such as food services.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

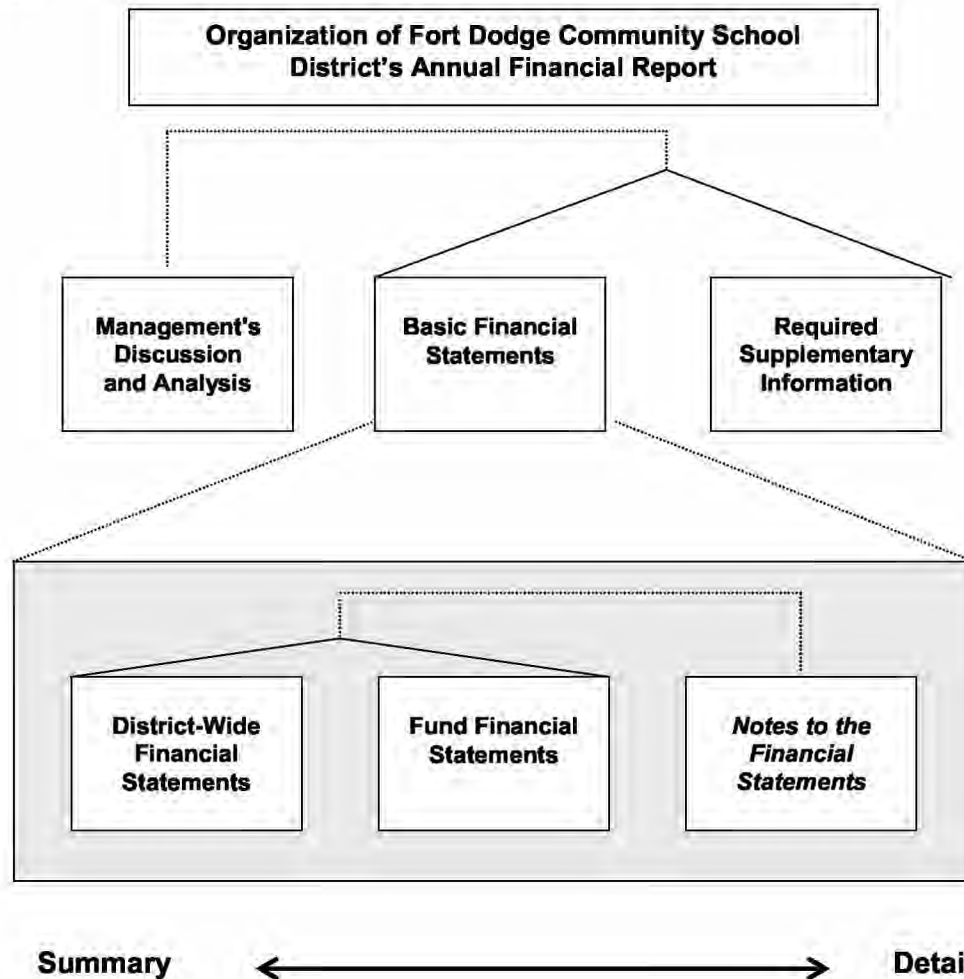


Figure A-2 on the next page summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2
Major Features of District-Wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses: school nutrition and the medical self insurance internal service fund included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in fund net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*—Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities*—The District charges fees to help it cover the costs of certain services it provides. The District's food service program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds* - Most of the District's basic services are included in governmental funds, which generally focus on (1) *how cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds* - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. —The District's *enterprise fund*, school nutrition (one type of proprietary fund), is the same as its business-type activities, but provides more detail and additional information, such as cash flows. —*Internal service funds* (the other kind of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has two internal service funds which handle the Flexible Spending Account and the Self Funded Dental Account.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets. Table A-1 below provides a comparison of the District's net assets as of June 30.

Table A-1

Condensed Statement of Net Assets

	Governmental		Business-type		Total		Percentage
	Activities		Activities		School District		Change
	2010	2011	2010	2011	2010	2011	2010-11%
Current and other assets	\$30,698,806	\$31,713,191	\$509,218	\$630,878	\$31,208,024	\$32,344,069	3.64%
Capital assets	\$19,370,712	\$23,191,190	\$156,766	\$185,454	\$19,527,478	\$23,376,644	19.71%
Total Assets	\$50,069,518	\$54,904,381	\$665,984	\$816,332	\$50,735,502	\$55,720,713	9.83%
Long-term debt outstanding	\$5,602,772	\$5,508,160	\$0	\$0	\$5,602,772	\$5,508,160	-1.69%
Other liabilities	\$18,425,311	\$19,028,278	\$124,477	\$224,949	\$18,549,788	\$19,253,227	3.79%
Total liabilities	\$24,028,083	\$24,536,438	\$124,477	\$224,949	\$24,152,560	\$24,761,387	2.52%
Net Assets							
Invested in capital assets,							
net of related debt	\$19,370,712	\$23,191,190	\$156,766	\$185,454	\$19,527,478	\$23,376,644	19.71%
Restricted	\$6,876,853	\$5,908,765	\$0	\$0	\$6,876,853	\$5,908,765	-14.08%
Unrestricted	-\$206,130	\$1,267,988	\$384,741	\$405,929	\$178,611	\$1,673,917	837.19%
TOTAL NET ASSETS	\$26,041,435	\$30,367,943	\$541,507	\$591,383	\$26,582,942	\$30,959,326	16.46%

The District's combined net assets were larger on June 30, 2011, than they were the year before--increasing 16.46% to \$30.95 million. (See Table A-1). Most of this change in the District's financial position came from its governmental activities, the net assets of which grew \$4.326 million to \$30.368 million. The net assets of the District's business-type activities increased 9.21% to \$.591 million.

The District's financial position is the product of many factors. The various sources of tax revenue, grants, and charges for services exceeded related expenditures. The one percent local option sales tax funding the Capital Projects Fund has been especially helpful to the district. The \$3.051 million sales tax revenue received is exclusively used for capital projects, which will be expensed as depreciation over many years on the Statement of Activities.

Cash and pooled investments total \$14.541 million or 26.1% of total assets, down from 28.4% from fiscal 2010. \$8.323 million of these cash balances are needed at June 30th of each year to fund the district general fund operations in July, August, and the first half of September, when there is very little state aid or property tax revenue. \$4.120 million of cash and investments is dedicated to future capital project investments. Infrastructure SAVE sales tax revenue and related long-term debt proceeds have exceeded construction costs thus far. This cash will be used in renovation projects yet to be completed at the Senior High School and construction of a new middle school as well as other district projects now that the district passed a new Revenue Purpose Statement in September of 2008.

U.S. Generally Accepted Accounting Principles (GAAP) requires that the property taxes certified in April (the lien date) for the upcoming fiscal year be accrued as a receivable and shown as unearned revenue liability. The future property tax receivable of \$14.562 million and related unearned revenue liability on the Statement of Net Assets result from this requirement. Net property and equipment (capital assets) of \$23.376 million represents 42.00% of total assets for the 2011 fiscal year compared with \$19.527 million and 38.50% of total assets for the 2010 fiscal year. It is noteworthy that almost all (94.6%) of the District's net assets are either invested in capital assets or are restricted for capital asset projects and other purposes, which is down from 99.3% from the 2010 fiscal year.

Changes in Statement of Activities

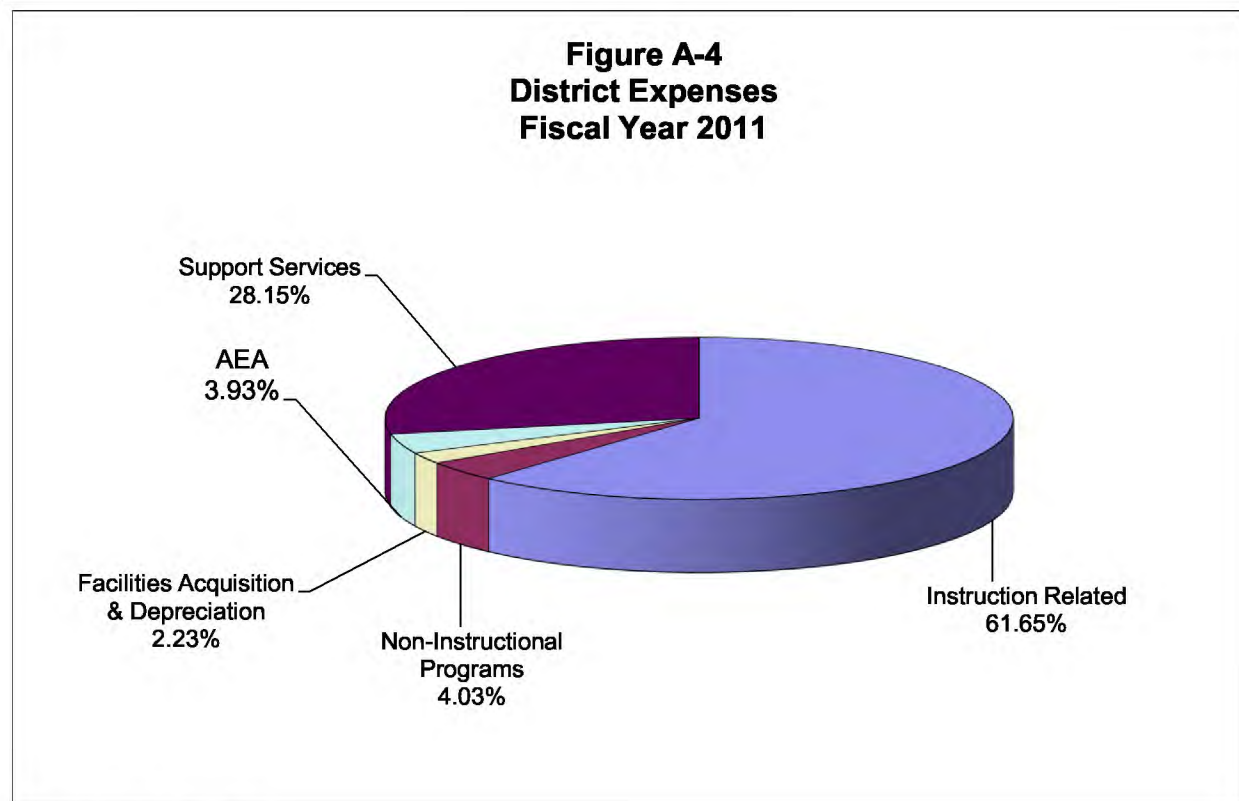
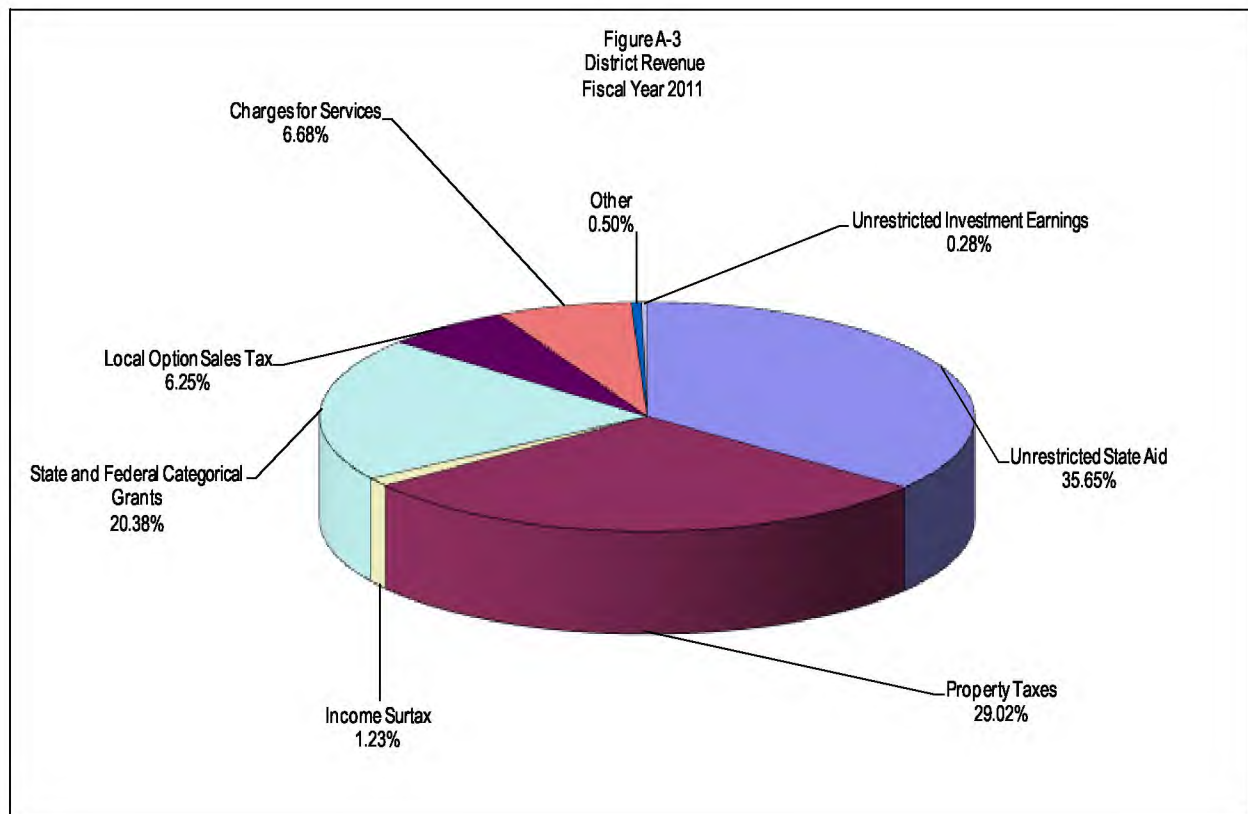
Table A-2 recasts the Statement of Activities into a traditional revenue and expenses format. Unrestricted state aid accounts for 35.65% of total revenue, and property tax accounts for 27.30% for the 2011 fiscal year, compared with

36.62% and 27.28%, respectively, for the 2010 fiscal year. Specific categorical grants and contributions from state, federal, and private sources account for 20.38% of revenue for the 2011 fiscal year compared with 20.84% for the 2010 fiscal year. The local option sales tax dedicated to school infrastructure totals 6.25% for 2011 compared with 5.51% for the 2010 fiscal year. The charges for services, mainly tuition and student co-curricular activities, account for 6.68% for the 2011 fiscal year compared with 6.26% for the 2010 fiscal year. (See Figure A-2).

Of the District's expenses for 2011, 61.65% are predominately related to the instruction of students, compared with 62.37% for 2010. The support services, non-instructional programs, facilities acquisition, and unallocated depreciation categories account for 38.35% for 2011 compared with 37.63% of expenses for 2010. (See Figure A-4). These categories contain many line items directly supporting students and instruction, such as guidance, health, media, technology, improvement of instruction, and student transportation and food service program costs and depreciation expense not directly allocated to any functional area.

Operations and maintenance and building administration are also significant in the support services area. The State of Iowa by formula funds local school districts for the services of area education agencies and then pays these dollars directly to the agency.

Table A-2 Changes in District's Activities							
	Governmental		Business-type		Total		Percentage
	Activities		Activities		School District		Change
	2010	2011	2010	2011	2010	2011	2010-11%
Revenues							
Program Revenues:							
Charges for services	2,184,970	2,562,117	700,488	701,178	\$2,885,458	\$3,263,295	13.09%
Operating Grants & Contributions	8,328,936	8,650,852	1,129,067	1,193,028	\$9,458,003	\$9,843,880	4.08%
Capital Grants & Contributions	130,000	106,128	3,840	0	\$133,840	\$106,128	-20.71%
General Revenues:							
Property Taxes -General	12,561,345	13,332,443	0	0	\$12,561,345	\$13,332,443	6.14%
Income Surtax	537,731	598,400	0	0	\$537,731	\$598,400	11.28%
Local Option Sales Tax	2,536,509	3,051,186	0	0	\$2,536,509	\$3,051,186	20.29%
Property Tax - Capital Outlay	818,293	836,953	0	0	\$818,293	\$836,953	2.28%
State formula aid	16,675,746	17,404,614	0	0	\$16,675,746	\$17,404,614	4.37%
Unrestricted Investment Earnings	100,379	134,291	2,491	4,063	\$102,870	\$138,354	34.49%
Other	321,869	244,783		0	\$321,869	\$244,783	-23.95%
Total Revenues	\$44,195,778	\$46,921,767	\$1,835,886	\$1,898,269	\$46,031,664	\$48,820,036	6.06%
Expenses							
Instruction	28,090,953	27,397,925	0	0	\$28,090,953	\$27,397,925	-2.47%
Student Services	1,950,853	1,932,274	0	0	\$1,950,853	\$1,932,274	-0.95%
Instructional Staff Services	2,462,322	2,643,447	0	0	\$2,462,322	\$2,643,447	7.36%
Administrative & Business	3,990,588	3,777,380	54,438	64,781	\$4,045,026	\$3,842,161	-5.02%
Maintenance & Operations	3,041,546	3,003,684	0	0	\$3,041,546	\$3,003,684	-1.24%
Transportation	1,037,477	1,091,496	0	0	\$1,037,477	\$1,091,496	5.21%
Non-Instructional Programs	35,181	9,027	1,709,770	1,783,612	\$1,744,951	\$1,792,639	2.73%
Facilities Acquisition	135,135	189,302	0	0	\$135,135	\$189,302	40.08%
AEA Flowthrough	1,744,044	1,748,108	0	0	\$1,744,044	\$1,748,108	0.23%
Depreciation (Unallocated)	783,507	802,616	0	0	\$783,507	\$802,616	2.44%
Total Expenses	\$43,271,606	\$42,595,259	\$1,764,208	\$1,848,393	\$45,035,814	\$44,443,652	-1.31%
Excess (deficiency) before special item	\$924,172	\$4,326,508	\$71,678	\$49,876	\$995,850	\$4,376,384	339.46%
Special item description	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Increase (decrease) in net assets	\$924,172	\$4,326,508	\$71,678	\$49,876	\$995,850	\$4,376,384	339.46%



Governmental Activities

Revenues for governmental activities were \$46.922 million, while expenses amounted to \$42.595 million for 2011, compared with \$44.195 million and \$43.271 million for 2010. The District does need to watch expenses to match as closely as possible with available revenues--the percentage decrease in expenses (1.56 percent) was lower than the

revenue percentage increase (6.16 percent). The reason for this change is an increase in sales tax revenue, property tax revenue, and state aid coupled with decreases in Instruction, Administrative and Business, and Maintenance and Operation Expenses (See Table A-2).

Table A-3 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, long-term debt, fiscal charges, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3 - Cost of Seven Major District Activities

	Total & Net Cost of Governmental Activities					
	Total Cost		Percentage	Net Cost		Percentage
	of Services		Change	of Services		Change
	2010	2011	2010-11%	2010	2011	2010-11%
Instruction	28,090,953	27,397,925	-2.47%	20,372,793	19,205,605	-5.73%
Pupil & Instructional Svcs	4,413,175	4,575,721	3.68%	3,510,462	3,439,232	-2.03%
Administrative & Business	3,990,588	3,777,380	-5.34%	3,990,588	3,777,380	-5.34%
Maintenance & Operations	3,041,546	3,003,684	-1.24%	2,978,354	2,931,111	-1.59%
Transportation	1,037,477	1,091,496	5.21%	971,815	1,033,715	6.37%
Other	2,697,867	2,749,053	1.90%	803,688	889,119	10.63%
TOTAL	\$43,271,606	\$42,595,259	-1.56%	\$ 32,627,700	\$31,276,162	-4.14%

- The cost of all governmental activities this year was \$42.595 million.
- Some of the cost (\$2.562 million) was financed by users of the District's programs.
- The federal and state governments and private contributors subsidized certain programs with grants and contributions of \$8.650 million.
- Most of the District's costs (\$31.276 million), however, were financed by District taxpayers and the taxpayers of our state.
- The net cost portion of governmental activities was financed with \$14.170 million in property taxes, \$.598 million in income surtax, \$17.405 million in unrestricted state aid, \$3.051 million in local option sales taxes, and \$.379 million in interest and miscellaneous income.

Business - Type Activities

Revenues of the District's business-type activities (school nutrition services) were comprised of charges for the daily lunch and breakfasts, and federal and state reimbursements.

- Business-type activity revenues exceeded expenses for the sixth time in eight years. During the 2011 fiscal year the amount of excess revenue was \$49,876 compared to \$71,678 for the 2010 fiscal year. Revenues did increase 3.40% to \$1,898,269, while expenses rose 4.80% to \$1,848,393.
- During the 2006-2007 fiscal year the District outsourced the food service employees to Taher, Inc. We have completed the fifth year under this arrangement, and it continues to work well for the district.
- Lunch prices did not increase for the fourth year.
- Purchased services for the 2011 year were \$851,641 compared with \$793,556 for the 2010 year, an increase of 7.93%. This category now includes the cost of personnel, as these services are now outsourced. Supplies for the 2011 fiscal year were \$912,408 compared with the 2010 year for which they were \$893,706, an increase of 2.10%. The increase was due in part to the increase in milk and bread products.

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. (Refer to the Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds.) As the District completed the year, its governmental funds reported combined fund balances of \$11.905 million—3.60% higher than the prior year's ending fund balance of \$11.491 million. The biggest reason for the increase is the change in the Governmental Fund Balance because of the increase in revenue.

In 2011 the enterprise fund (School Nutrition) showed a net gain of \$49,876. This was the sixth year in a row for gains in the School Nutrition Fund. This increase was somewhat less than the previous year (\$71,678). The biggest reason for the overall reduction was an \$84,185 increase in expenditures for supplies and administrative services.

Budgetary Highlights

- The District levied \$1,975,000 for cash reserve in the 2011 fiscal year—down from \$2,001,000 in the 2010 fiscal year—this is a decrease of 1.30%. The cash reserve amount will vary based on the District's needs, especially depending on the special education deficit, the amount requested from the School Budget Review Committee for asbestos and safety projects, and the District's requirements for sufficient cash balances for cash flow needs.
- Budgeted expenditures include both unspent spending authority from the prior year and general fund revenues.

In May, the District formally amended its certified budget in a board action to bring it into compliance with state government regulations. The District did exceed the amounts budgeted in the Other Expenditures function prior to amending the budget.

- The District's budget versus actual results was within acceptable management planning parameters. The final revenue variance was \$53,395 for the 2011 fiscal year compared with (\$2,991,901) for the 2010 fiscal year, an increase of \$3,045,296. The final expenditure variance was \$1,302,233 for the 2011 fiscal year compared with \$3,344,294 for the 2010 fiscal year. This is a decrease of \$2,042,061 from the 2010 fiscal year to the 2011 fiscal year.
- The 2011 special education balance of \$19,916 was positive for the first time in over twenty years. The deficit in fiscal year 2010 was \$238,065. The main reason for the positive balance was the increase in Medicaid reimbursements from the federal government and a change in the student calculation among the different levels. See Budgetary Highlights for further information on the positive balance.
- See the Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances-Budget and Actual – All Governmental Funds and Proprietary Fund in the Required Supplementary Information section.

Capital Asset and Debt Administration

Capital Assets

By the end of 2011, the District had invested \$23.377 million (net accumulated depreciation of \$19.491 million) in a broad range of capital assets, including school buildings, athletic facilities, maintenance and administrative buildings, computer and audiovisual equipment, maintenance equipment, school buses, library holding, and textbooks. This amount represents a net 19.7% increase from last year. (More detailed information about capital assets can be found in Note 5 to the financial statements). Total depreciation expense for the year was \$1.140 million.

During fiscal year 2011 the District completed the Video Camera and WIFI Projects at the Senior High School, which was funded by Capital Projects Fund. The cost of the projects was \$52,235 and \$60,000 respectively. The District also spent \$20,000 on the Central Administration Building WIFI project, \$36,899 on the Cooper Elementary School Hot Water Boiler Replacement, and \$26,980 on the Dodger Stadium Tuckpointing Project—all funded by dollars from the Capital Projects Fund. At the end of the fiscal year the outstanding balance on the loan from the Capital Projects Fund to the Physical Plant and Equipment Fund was \$191,000 for the Dodger Stadium Turf Replacement Project. As the pledges are paid to the District through the Physical Plant and Equipment Fund, the loan from the Capital Projects Fund is reduced and eventually will be paid off in its entirety.

During the 2011 fiscal year the District continued on the path toward the replacement of a new middle school and completed a new master plan for the Senior High School. These two projects were necessitated because of physical conditions at the two existing middle schools and needed upgrades at the Senior High School. These changes will upgrade the district's physical plant well into the 21st century for the Senior High and Middle School.

Table A-4
Capital Assets (net of depreciation)

	Governmental		Business-type		Total		Total
	Activities		Activities		School District		Percentage
	2010	2011	2010	2011	2010	2011	2010-11%
Land	529,811	2,244,973	0	0	529,811	2,244,973	323.73%
Construction In Progress	0	2,741,848	0	0	0	2,741,848	100.00%
Buildings	16,950,625	16,372,837	0	0	16,950,625	16,372,837	-3.41%
Improvements other than buildings	389,039	436,745	0	0	389,039	436,745	12.26%
Equipment & Furniture	1,501,237	1,394,787	156,766	185,454	1,658,003	1,580,241	-4.69%
TOTAL	\$19,370,712	\$23,191,190	\$156,766	\$185,454	\$19,527,478	\$23,376,644	19.71%

Long-Term Liabilities

At year end the District had \$5.508 million in long-term obligations outstanding—a decrease of 1.69% from last year, as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 6. Note 7 to the financial statements explains Other Post Employment Benefits—OPEB—that affected the District beginning in the 2009 fiscal year.)

Table A-5			
District's Outstanding Long-Term Liabilities			
	Governmental Activities		Total Percentage Change
	2010	2011	2010-11%
Early Retirement & Other Compensated Absences	5,294,772	4,973,160	-6.07%
Net OPEB Liabilities	308,000	535,000	73.70%
TOTAL	\$5,602,772	\$5,508,160	-1.69%

- The District decreased its Early Retirement and Other Compensated Absences liability by \$321,612 during the year and increased the OPEB liability by \$227,000 for a net decrease of \$94,612

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of six existing circumstances that could significantly affect its financial health in the future:

- Even though the District is the twenty-fifth largest in the state in terms of students, it has one of the lowest ratios of taxable property value per student. This tends to raise property tax levies per thousand dollars of valuation to the higher end. Local property tax sensitivity has developed. In order to develop an effective education budget, the District needs to rely partially on the property tax levy.
- The age of the District's five older elementary schools is a concern to the District. In order to deliver a modern education program using new technology and in order to control maintenance and safety costs, new elementary schools will need to be carefully examined and either replaced or added on to and updated. In 2008 the legislature adopted a statewide one cent sales tax for school infrastructure, which replaced the county-wide one half cent voted for the 10-year period that expired in July, 2009. This new school infrastructure funding mechanism will be in place until 2029 and will help the District provide for its long-term facility needs. The District has also completed a comprehensive building feasibility study to address these needs. The District has developed its building priority needs and will explore the options in 2011 and beyond.
- The District's primary source of revenue is the state of Iowa school aid formula. The allowable growth to schools was only 2% for fiscal year 2011. Costs of providing a quality education program are rising faster than 2%. Teacher settlements alone over the past several years are in the 3.5% - 4.5% range. If future allowable growth increases do not keep pace with expenditures, the District will have to make the necessary re-alignments in its educational delivery system to come into line with allowable growth.
- More than 80 percent of the general fund budget is salaries and benefits. Iowa law requires that unsettled salary negotiations for teachers go to mandatory arbitration. Invariably, arbitrated settlements are higher than current levels of allowable growth in funding. Education budgets are then squeezed. A solution needs to be found.

- The District's unspent budget authority has increased for the past three years. It has increased during the 2011 fiscal year and is projected to decrease for the 2012 fiscal year. It will drop off because the one-time funding of federal ARRA funds ended with the 2011 fiscal year. This bears watching, since a dramatic reduction will lead to staff layoffs, and this will certainly impact the education that the District can deliver to its patrons.
- One of the key elements of the state of Iowa school aid formula is certified enrollment. Enrollment has decreased 7.40% during the last five years. When enrollment drops it means less state aid. Stability or even increases in enrollment are critical to maintaining a solid financial picture.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John W. Christensen, Jr., Board Secretary/Director of Financial Services, Fort Dodge Community School District, Central Administration Building, 104 South 17th Street, Fort Dodge, Iowa, 50501 (Phone number: 515-574-5644, Fax number: 515-574-5322, or jachristensen@fort-dodge.k12.ia.us for e-mail).

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Basic Financial Statements

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 13,921,242	\$ 619,952	\$ 14,541,194
Receivables:			
Property tax:			
Current year	182,772	-	182,772
Succeeding year	14,561,848	-	14,561,848
Income surtax	646,474	-	646,474
Accounts	5,501	-	5,501
Due from other governments	2,392,221	-	2,392,221
Inventories	-	10,926	10,926
Prepaid expenses	3,133	-	3,133
Capital assets, net of accumulated depreciation (note 5)	23,191,190	185,454	23,376,644
Total assets	54,904,381	816,332	55,720,713
Liabilities			
Accounts payable	238,915	213,164	452,079
Salaries and benefits payable	3,365,556	-	3,365,556
Due to other governments	653,283	-	653,283
Deferred revenue:			
Succeeding year property tax	14,561,848	-	14,561,848
Other	208,676	11,785	220,461
Long-term liabilities (notes 6 and 7):			
Portion due within one year:			
Early retirement	496,861	-	496,861
Compensated absences	535,344	-	535,344
Portion due after one year:			
Early retirement	934,744	-	934,744
Compensated absences	3,006,211	-	3,006,211
Net OPEB liability	535,000	-	535,000
Total liabilities	24,536,438	224,949	24,761,387

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 23,191,190	\$ 185,454	\$ 23,376,644
Restricted for:			
Categorical funding	1,186,873	-	1,186,873
Physical plant and equipment levy	286,034	-	286,034
Student activities	289,864	-	289,864
Capital projects	4,145,994	-	4,145,994
Unrestricted	<u>1,267,988</u>	<u>405,929</u>	<u>1,673,917</u>
Total net assets	<u>\$ 30,367,943</u>	<u>\$ 591,383</u>	<u>\$ 30,959,326</u>

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular instruction	\$ 15,996,596	\$ 1,597,967	\$ 3,768,371	\$ -
Special instruction	7,340,416	-	1,840,392	-
Other instruction	4,060,913	891,577	94,013	-
	<u>27,397,925</u>	<u>2,489,544</u>	<u>5,702,776</u>	<u>-</u>
Support services:				
Student services	1,932,274	-	901,156	-
Instructional staff services	2,643,447	-	235,333	-
Administration services	3,777,380	-	-	-
Operation and maintenance of plant services	3,003,684	72,573	-	-
Transportation services	1,091,496	-	57,781	-
	<u>12,448,281</u>	<u>72,573</u>	<u>1,194,270</u>	<u>-</u>
Non-instructional programs	<u>9,027</u>	<u>-</u>	<u>5,698</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	189,302	-	-	106,128
AEA flowthrough	1,748,108	-	1,748,108	-
Depreciation (unallocated) *	802,616	-	-	-
	<u>2,740,026</u>	<u>-</u>	<u>1,748,108</u>	<u>106,128</u>
Total governmental activities	<u>42,595,259</u>	<u>2,562,117</u>	<u>8,650,852</u>	<u>106,128</u>

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
<hr/>		
\$ (10,630,258)	\$ -	\$ (10,630,258)
(5,500,024)	-	(5,500,024)
(3,075,323)	-	(3,075,323)
<u>(19,205,605)</u>	<u>-</u>	<u>(19,205,605)</u>
(1,031,118)	-	(1,031,118)
(2,408,114)	-	(2,408,114)
(3,777,380)	-	(3,777,380)
(2,931,111)	-	(2,931,111)
<u>(1,033,715)</u>	<u>-</u>	<u>(1,033,715)</u>
<u>(11,181,438)</u>	<u>-</u>	<u>(11,181,438)</u>
 (3,329)	 -	 (3,329)
 (83,174)	 -	 (83,174)
-	-	-
<u>(802,616)</u>	<u>-</u>	<u>(802,616)</u>
<u>(885,790)</u>	<u>-</u>	<u>(885,790)</u>
 (31,276,162)	 -	 (31,276,162)

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Food service operations	\$ 64,781	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	1,783,612	701,178	1,193,028	-
Total business-type activities	1,848,393	701,178	1,193,028	-
Total	\$ 44,443,652	\$ 3,263,295	\$ 9,843,880	\$ 106,128

General revenues:

Property tax levied for:

- General purposes
- Capital outlay

Income surtax

Statewide sales, services and use tax

Unrestricted state and federal grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
<hr/>		
\$ -	\$ (64,781)	\$ (64,781)
<hr/>		
-	110,594	110,594
<hr/>		
-	45,813	45,813
<hr/>		
(31,276,162)	45,813	(31,230,349)
<hr/>		
\$ 13,332,443	\$ -	\$ 13,332,443
836,953	-	836,953
598,400	-	598,400
3,051,186	-	3,051,186
17,404,614	-	17,404,614
134,291	4,063	138,354
244,783	-	244,783
<hr/>		
35,602,670	4,063	35,606,733
<hr/>		
4,326,508	49,876	4,376,384
<hr/>		
26,041,435	541,507	26,582,942
<hr/>		
\$ 30,367,943	\$ 591,383	\$ 30,959,326
<hr/>		

FORT DODGE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 8,323,252	\$ 4,120,358	\$ 1,344,201	\$ 13,787,811
Receivables:				
Property tax:				
Current year	156,123	10,642	16,007	182,772
Succeeding year	12,796,287	865,557	900,004	14,561,848
Income surtax	646,474	-	-	646,474
Interfund receivable (note 3)	98,856	-	-	98,856
Accounts	5,501	-	-	5,501
Due from other governments	1,939,460	452,761	-	2,392,221
Prepaid expenses	3,133	-	-	3,133
Total assets	<u>\$ 23,969,086</u>	<u>\$ 5,449,318</u>	<u>\$ 2,260,212</u>	<u>\$ 31,678,616</u>

FORT DODGE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Capital Projects	Nonmajor	Total
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 56,131	\$ 151,733	\$ 31,051	\$ 238,915
Salaries and benefits payable	3,365,556	-	-	3,365,556
Due to other governments	653,283	-	-	653,283
Interfund payable (note 3)	-	-	98,856	98,856
Deferred revenue:				
Succeeding year property tax	12,796,287	865,557	900,004	14,561,848
Other	855,150	-	-	855,150
Total liabilities	<u>17,726,407</u>	<u>1,017,290</u>	<u>1,029,911</u>	<u>19,773,608</u>
Fund balances:				
Nonspendable:				
Prepaid expenses	3,133	-	-	3,133
Restricted for:				
Categorical funding (note 11)	1,186,873	-	-	1,186,873
Management levy purposes	-	-	940,437	940,437
Student activities	-	-	289,864	289,864
School infrastructure	-	4,145,994	-	4,145,994
Physical plant and equipment	-	286,034	-	286,034
Unassigned	5,052,673	-	-	5,052,673
Total fund balances	<u>6,242,679</u>	<u>4,432,028</u>	<u>1,230,301</u>	<u>11,905,008</u>
Total liabilities and fund balances	<u>\$ 23,969,086</u>	<u>\$ 5,449,318</u>	<u>\$ 2,260,212</u>	<u>\$ 31,678,616</u>

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2011

Total fund balances of governmental funds	\$ 11,905,008
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	23,191,190
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	646,474
The Internal Service Fund net assets are directly related to the governmental funds due to the types of services provided and are, therefore, included in the statement of net assets under governmental activities.	133,431
Long-term liabilities, including bonds payable, compensated absences, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(5,508,160)</u>
Net assets of governmental activities	<u>\$ 30,367,943</u>
See notes to financial statements.	

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 12,716,750	\$ 3,887,553	\$ 1,238,910	\$ 17,843,213
Tuition	1,489,211	-	-	1,489,211
Other	469,545	199,274	896,782	1,565,601
State sources	22,209,232	586	896	22,210,714
Federal sources	3,823,588	-	-	3,823,588
Total revenues	40,708,326	4,087,413	2,136,588	46,932,327
Expenditures:				
Current:				
Instruction	25,708,596	-	1,707,978	27,416,574
Support services:				
Student services	1,917,455	-	-	1,917,455
Instructional staff services	2,456,230	128,010	38,934	2,623,174
Administration services	3,714,065	30,820	63,267	3,808,152
Operation and maintenance of plant services	2,812,929	34,474	134,120	2,981,523
Transportation services	987,908	5,969	81,497	1,075,374
	11,888,587	199,273	317,818	12,405,678
Non-instructional programs	9,027	-	-	9,027
Other expenditures:				
Facilities acquisition	-	4,962,492	-	4,962,492
AEA flowthrough	1,748,108	-	-	1,748,108
	1,748,108	4,962,492	-	6,710,600
Total expenditures	39,354,318	5,161,765	2,025,796	46,541,879
Excess (deficiency) of revenues over (under) expenditures	1,354,008	(1,074,352)	110,792	390,448

FORT DODGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):				
Sale of equipment	\$ 23,891	\$ -	\$ -	\$ 23,891
Interfund transfers in (note 4)	14,886	55,670	8,275	78,831
Interfund transfers out (note 4)	(63,945)	-	(14,886)	(78,831)
Total other financing sources (uses)	<u>(25,168)</u>	<u>55,670</u>	<u>(6,611)</u>	<u>23,891</u>
Net change in fund balances	1,328,840	(1,018,682)	104,181	414,339
Fund balances beginning of year, as restated (note 15)	<u>4,913,839</u>	<u>5,450,710</u>	<u>1,126,120</u>	<u>11,490,669</u>
Fund balances end of year	<u>\$ 6,242,679</u>	<u>\$ 4,432,028</u>	<u>\$ 1,230,301</u>	<u>\$ 11,905,008</u>

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ 414,339

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 4,930,859	
Depreciation expense	<u>(1,110,381)</u>	3,820,478

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. (34,451)

The increase in the Internal Service Fund net assets reflects an overcharge to governmental activities for the services provided. Expenses in the Statement of Activities are adjusted to reflect this overcharge. 31,530

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	285,347	
Compensated absences	36,265	
Net OPEB liability	<u>(227,000)</u>	<u>94,612</u>

Change in net assets of governmental activities \$ 4,326,508

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2011

	<u>School Nutrition</u>	<u>Internal Service Funds</u>
Assets		
Cash and cash equivalents	\$ 619,952	\$ 133,431
Inventories	10,926	-
Capital assets, net of accumulated depreciation (note 5)	<u>185,454</u>	<u>-</u>
Total assets	<u>816,332</u>	<u>133,431</u>
Liabilities		
Accounts payable	213,164	-
Deferred revenue	<u>11,785</u>	<u>-</u>
Total liabilities	<u>224,949</u>	<u>-</u>
Net Assets		
Invested in capital assets	185,454	-
Unrestricted	<u>405,929</u>	<u>133,431</u>
Total net assets	<u>\$ 591,383</u>	<u>\$ 133,431</u>

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 Year Ended June 30, 2011

	School Nutrition	Internal Service Funds
Operating revenues:		
Local sources:		
Charges for services	\$ 701,178	\$ 387,506
Operating expenses:		
Support services:		
Internal service operations:		
Benefits	-	275,497
Purchased services	-	81,217
	-	356,714
Food service operations:		
Salaries	27,418	-
Benefits	11,857	-
Purchased services	9,954	-
Other	15,552	-
	64,781	-
Non-instructional programs:		
Food service operations:		
Purchased services	841,687	-
Supplies	912,408	-
Depreciation	29,517	-
	1,783,612	-
Total operating expenses	1,848,393	356,714
Operating income (loss)	(1,147,215)	30,792
Non-operating revenues:		
Interest on investments	4,063	738
State sources	15,973	-
Federal sources	1,177,055	-
Total non-operating revenues	1,197,091	738
Change in net assets	49,876	31,530
Net assets beginning of year	541,507	101,901
Net assets end of year	\$ 591,383	\$ 133,431

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	School Nutrition	Internal Service Funds
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 636,094	\$ -
Cash received from miscellaneous operating activities	62,621	387,506
Cash payments to employees for services	(39,275)	-
Cash payments to suppliers for goods or services	<u>(1,542,156)</u>	<u>(364,577)</u>
Net cash used by operating activities	<u>(882,716)</u>	<u>22,929</u>
Cash flows from non-capital financing activities:		
State grants received	15,973	-
Federal grants received	<u>1,045,449</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>1,061,422</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(58,205)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>4,063</u>	<u>738</u>
Net increase in cash and cash equivalents	124,564	23,667
Cash and cash equivalents beginning of year	<u>495,388</u>	<u>109,764</u>
Cash and cash equivalents end of year	<u>\$ 619,952</u>	<u>\$ 133,431</u>

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	School Nutrition	Internal Service Funds
Reconciliation of operating income (loss) to net cash used by operating activities:		
Operating income (loss)	\$ (1,147,215)	\$ 30,792
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation	29,517	-
Commodities used	131,606	-
Decrease in accounts receivable	3,908	-
Decrease in interfund receivables	3,840	-
Decrease in inventories	950	-
Increase (decrease) in accounts payable	110,683	(7,863)
(Decrease) in salaries and interfund payables	(5,794)	-
(Decrease) in deferred revenue	(10,211)	-
Net cash used by operating activities	<u>\$ (882,716)</u>	<u>\$ 22,929</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$131,606 of federal commodities.

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

June 30, 2011

	Self-funded Dental Plan	Flex Benefit Plan	Total
Assets			
Cash and pooled investments	\$ <u>129,476</u>	\$ <u>3,955</u>	\$ <u>133,431</u>
Liabilities			
None	<u>-</u>	<u>-</u>	<u>-</u>
Net assets			
Unrestricted	\$ <u><u>129,476</u></u>	\$ <u><u>3,955</u></u>	\$ <u><u>133,431</u></u>

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2011

	Self-funded Dental Plan	Flex Benefit Plan	Total
Operating revenues:			
Local sources:			
Insurance contributions	\$ 304,506	\$ -	\$ 304,506
Flex contributions	-	83,000	83,000
Total operating revenues	<u>304,506</u>	<u>83,000</u>	<u>387,506</u>
Operating expenses:			
Support services:			
Premium/administration	275,497	-	275,497
Flex benefits	-	81,217	81,217
Total operating expenses	<u>275,497</u>	<u>81,217</u>	<u>356,714</u>
Operating income	29,009	1,783	30,792
Non-operating revenues:			
Interest	687	51	738
Change in net assets	29,696	1,834	31,530
Net assets beginning of year	99,780	2,121	101,901
Net assets end of year	<u>\$ 129,476</u>	<u>\$ 3,955</u>	<u>\$ 133,431</u>

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2011

	Self-funded Dental Plan	Flex Benefit Plan	Total
Cash flows operating activities:			
Cash received from contributions	\$ 304,506	\$ -	\$ 304,506
Cash received from miscellaneous operating activities	-	83,000	83,000
Cash payments for claims	(255,926)	-	(255,926)
Cash payments for services	(27,434)	(81,217)	(108,651)
Net cash provided by operating activities	<u>21,146</u>	<u>1,783</u>	<u>22,929</u>
Cash flows from investing activities:			
Interest on investments	<u>687</u>	<u>51</u>	<u>738</u>
Net increase in cash and cash equivalents	21,833	1,834	23,667
Cash and cash equivalents beginning of year	<u>107,643</u>	<u>2,121</u>	<u>109,764</u>
Cash and cash equivalents end of year	<u>\$ 129,476</u>	<u>\$ 3,955</u>	<u>\$ 133,431</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 29,009	\$ 1,783	\$ 30,792
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Decrease) in accounts payable	<u>(7,863)</u>	<u>-</u>	<u>(7,863)</u>
Net cash provided by operating activities	<u>\$ 21,146</u>	<u>\$ 1,783</u>	<u>\$ 22,929</u>

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	Private Purpose Trust	Scholarship
Assets:		
Cash and pooled investments	\$ 323,639	
Liabilities:		
None	-	
Net assets:		
Reserved for scholarships	\$ 323,639	
See notes to financial statements.		

FORT DODGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2011

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$ 14,699	
Interest	<u>8,403</u>	
Total additions	<u>23,102</u>	
Deductions:		
Instruction:		
Scholarships awarded		<u>27,889</u>
Change in net assets		(4,787)
Net assets beginning of year		<u>328,426</u>
Net assets end of year	\$	<u><u>323,639</u></u>
See notes to financial statements.		

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies

Fort Dodge Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Fort Dodge, Iowa, and agricultural territory in Webster County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Fort Dodge Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Fort Dodge Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Webster County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's non-major proprietary funds include the Enterprise, School Nutrition Fund, which is used to account for the food service operations of the District; the Internal Service, Self-funded Dental Plan, which is used to account for the District's self-funded dental insurance plan; and the Internal Service, Flex Plan, which is used to account for the District's employee flexible benefits plan.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been repaid or received as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. These amounts have been eliminated from the District-wide financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	25,000
Improvements other than buildings	10,000
Intangibles	100,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned grant revenues, and unearned meal revenues.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and severance benefits payable to employees. Severance benefits accumulate up to 120 days for most employee service groups and is applicable for employees hired prior to July 1, 2006. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other classifications.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures in the other expenditures function exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	\$ <u>115</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Interfund Receivables/Payables

A summary of the interfund receivables and payables is as follows:

Due to	Due from	Amount
Interfund totals:		
General	Special Revenue, Student Activity	\$ <u>98,856</u>
Intrafund totals:		
Capital Projects, School Infrastructure Account	Capital Projects, Physical Plant and Equipment Levy Account	\$ <u>191,000</u>

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 3. Interfund Receivables/Payables (continued)

The interfund balances between the General and Student Activity Funds are due to transactions between funds in the normal course of business throughout the school year and represent the amounts which had not yet been repaid.

The intrafund balance between the Capital Projects, School Infrastructure Account and Capital Projects, Physical Plant and Equipment Levy Account is due to a short-term loan made on June 28, 2008 and extended on June 27, 2011. The Fort Dodge Education Foundation has pledged to cover this loan with amounts donated from the Fort Dodge community residents and businesses. The intrafund loan has been eliminated from the basic financial statements because it represents an internal loan between capital projects accounts within the Capital Projects Fund. (See note 15 and other supplementary information.)

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Interfund totals:		
General	Special Revenue, Management	\$ 14,886
Special Revenue, Student Activity	General	8,275
Capital Projects	General	<u>55,670</u>
		<u>78,831</u>
Intrafund totals:		
Capital Projects, School Infrastructure Account	Capital Projects, Physical Plant and Equipment Levy Account	\$ <u>59,316</u>

Interfund transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Intrafund transfers move revenues from one account in the Capital Projects Fund to another account for cash flow purposes to pay costs out of the account statutorily required to expand the resources. These amounts have been eliminated from the basic financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 529,811	\$ 1,715,162	\$ -	\$ 2,244,973
Construction in progress	-	2,741,848	-	2,741,848
Total capital assets not being depreciated	<u>529,811</u>	<u>4,457,010</u>	<u>-</u>	<u>4,986,821</u>
Capital assets being depreciated:				
Buildings	30,306,297	194,114	-	30,500,411
Improvements other than buildings	535,847	78,420	-	614,267
Furniture and equipment	6,383,732	201,315	236,057	6,348,990
Total capital assets being depreciated	<u>37,225,876</u>	<u>473,849</u>	<u>236,057</u>	<u>37,463,668</u>
Less accumulated depreciation for:				
Buildings	13,355,672	771,902	-	14,127,574
Improvements other than buildings	146,808	30,714	-	177,522
Furniture and equipment	4,882,495	307,765	236,057	4,954,203
Total accumulated depreciation	<u>18,384,975</u>	<u>1,110,381</u>	<u>236,057</u>	<u>19,259,299</u>
Total capital assets being depreciated, net	<u>18,840,901</u>	<u>(636,532)</u>	<u>-</u>	<u>18,204,369</u>
Governmental activities capital assets, net	<u>\$ 19,370,712</u>	<u>\$ 3,820,478</u>	<u>\$ -</u>	<u>\$ 23,191,190</u>
Business-type activities:				
Furniture and equipment	\$ 358,546	\$ 58,205	\$ -	\$ 416,751
Less accumulated depreciation	<u>201,780</u>	<u>29,517</u>	<u>-</u>	<u>231,297</u>
Business-type activities capital assets, net	<u>\$ 156,766</u>	<u>\$ 28,688</u>	<u>\$ -</u>	<u>\$ 185,454</u>

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Capital Assets (continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Instruction:

Regular	\$ 124,142
Special	56,602
Other	31,144

Support services:

Student support	14,819
Instructional staff	20,273
Administration	29,431
Operation and maintenance of plant services	23,043
Transportation	8,311

307,765

Unallocated depreciation

802,616

Total governmental activities depreciation expense

\$ 1,110,381

Business-type activities:

Food service operations	<u>\$ 29,517</u>
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FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 1,716,952	\$ 164,221	\$ 449,568	\$ 1,431,605	\$ 496,861
Compensated absences	3,577,820	823,706	859,971	3,541,555	535,344
Net OPEB liability	308,000	227,000	-	535,000	-
Total	<u>\$ 5,602,772</u>	<u>\$ 1,214,927</u>	<u>\$ 1,309,539</u>	<u>\$ 5,508,160</u>	<u>\$ 1,032,205</u>

Early Retirement

The District offered a voluntary early retirement plan to all employees for the year ended June 30, 2011.

Eligible employees must be at least age fifty-five and have completed ten years of continuous service to the District.

The early retirement benefit for each eligible employee is equal to a health insurance contribution of \$14,929 (the equivalent of the cost of participation in the District's health insurance plan for two years at the current single rate.) The employee can continue participation in the District's health insurance plan at the employee's own expense until the employee becomes ineligible for such participation for any reason.

The early retirement incentives for prior years consisted of various different plans. Details of these plans are available upon request of District management.

At June 30, 2011, the District had obligations to 53 participants with a total liability of \$1,431,605. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$449,568. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 445 active and 77 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Alliance Select. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 528,000
Interest on net OPEB obligation	14,000
Adjustment to annual required contribution	<u>(12,000)</u>
Annual OPEB cost	530,000
Contributions made	<u>303,000</u>
Increase in net OPEB obligation	227,000
Net OPEB obligation beginning of year	<u>308,000</u>
Net OPEB obligation end of year	<u><u>\$ 535,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$303,000 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 530,000	57.2%	\$ 535,000

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 7. Other Postemployment Benefits (OPEB) (continued)

Funded Status and Funding Progress – As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$5,470,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,470,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$22,987,000, and the ratio of the UAAL to covered payroll was 23.8%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11.0%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced .5% each year until reaching the 5.0% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2009 and applying the termination factors used in the IPERS Actuarial Valuation Report as of June 30, 2009.

Projected claim costs of the medical plan are \$839 per month for retirees less than age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 8. Pension and Retirement Benefits (continued)

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the year ended June 30, 2011. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$1,564,231, \$1,560,072, and \$1,507,025, respectively, equal to the required contributions for each year.

Note 9. Risk Management

Fort Dodge Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Self-Funded Dental Insurance Plan

The District began a self-funded insurance plan during the year ended June 30, 2000. The plan is funded by contributions from the District and is administered through a service agreement with Delta Dental Plan of Iowa. The agreement is not subject to automatic renewal provisions. The District assumes liability for claims up to the individual stop loss limitations of 125 percent of projected claims paid, determined by multiplying the number of enrolled participants as of month end by the applicable monthly aggregate attachment point (\$20.00 for single plans and \$72.00 for family plans).

Monthly payments of service fees and plan contributions to the Fort Dodge Community School District Employee Group Dental Plan are recorded as expenditures from the General and School Nutrition funds. Under the administrative services agreement, weekly payments of service fees and claims processed are paid to Delta Dental Plan of Iowa from the Fort Dodge Community School District Employee Group Dental Plan Fund as an Internal Service Fund. The District's contributions to the fund for the year ended June 30, 2011 were \$304,506.

The Internal Service Fund, Self-Funded Dental Plan reserve was \$129,476 at June 30, 2011.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,748,108 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 11. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2011 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Returning dropouts and dropout prevention	\$ 578,879
Salary improvement program	219,853
Professional development for model core curriculum	162,706
Voluntary preschool	132,227
Professional development	41,251
Talented and gifted	35,515
Market factor incentives	9,469
Teacher development academy	<u>6,973</u>
Total	<u>\$ 1,186,873</u>

Note 12. Construction Commitments

The District has entered into various contracts totaling \$1,595,822 for an elementary school addition and roof projects. As of June 30, 2011, costs of \$1,203,164 had been incurred against the contracts. The balance of \$392,658 remaining at June 30, 2011 will be paid as work on the project progresses.

Note 13. Contingent Liability

The District is involved in an ongoing lawsuit alleging sexual harassment by a District employee. The outcome of the lawsuit cannot be determined at this time and the District's insurance carrier is affording coverage.

Note 14. Subsequent Events

On August 29, 2011, the District entered into a construction contract totaling \$30,623,231 for construction of a new middle school.

On October 1, 2011, the District issued \$20,495,000 of School Infrastructure Sales, Services and Use Tax Revenue Bonds to finance the construction of a new middle school. The Bonds are payable through the year ended June 30, 2026, with interest rates ranging from 4.00% to 5.00%.

On January 1, 2012, the District issued \$10,000,000 in School Infrastructure Sales, Services and Use Tax Revenue Bonds to finance the construction of a new middle school. The bonds are payable through the year ended June 30, 2030, with an interest rate of 4.53%.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 15. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ 5,665,378	\$ (214,668)
Change in fund type classification per implementation of GASB Statement No. 54	<u>(214,668)</u>	<u>214,668</u>
Balances July 1, 2010, as restated	<u><u>\$ 5,450,710</u></u>	<u><u>\$ -</u></u>

Required Supplementary Information

FORT DODGE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year Ended June 30, 2011

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 20,898,025	\$ 705,241	\$ 21,603,266	\$ 20,762,666	\$ 20,762,666	\$ 840,600
Intermediate sources	-	-	-	22,000	22,000	(22,000)
State sources	22,210,714	15,973	22,226,687	24,205,613	24,205,613	(1,978,926)
Federal sources	3,823,588	1,177,055	5,000,643	3,786,922	3,786,922	1,213,721
Total revenues	46,932,327	1,898,269	48,830,596	48,777,201	48,777,201	53,395
EXPENDITURES/EXPENSES:						
Instruction	27,416,574	-	27,416,574	27,423,001	27,723,001	306,427
Support services	12,405,678	64,781	12,470,459	13,129,204	13,829,204	1,358,745
Non-instructional programs	9,027	1,783,612	1,792,639	1,788,550	1,889,850	97,211
Other expenditures	6,710,600	-	6,710,600	3,346,671	6,250,450	(460,150)
Total expenditures/expenses	46,541,879	1,848,393	48,390,272	45,687,426	49,692,505	1,302,233
Excess (deficiency) of revenues over (under) expenditures/ expenses	390,448	49,876	440,324	3,089,775	(915,304)	1,355,628
Other financing sources, net	23,891	-	23,891	(11,856)	(11,856)	35,747
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	414,339	49,876	464,215	3,077,919	(927,160)	1,391,375
Balance beginning of year	11,490,669	541,507	12,032,176	11,592,792	11,592,792	439,384
Balance end of year	<u>\$ 11,905,008</u>	<u>\$ 591,383</u>	<u>\$ 12,496,391</u>	<u>\$ 14,670,711</u>	<u>\$ 10,665,632</u>	<u>\$ 1,830,759</u>

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
Year Ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$4,005,079.

During the year ended June 30, 2011, expenditures in the other expenditures function exceeded the amount budgeted.

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	\$ 2,090	\$ 2,090	0.0%	\$ 24,221	8.6%
2010	July 1, 2008	-	2,090	2,090	0.0%	23,639	8.8%
2011	July 1, 2010	-	5,470	5,470	0.0%	22,987	23.8%

See note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

Other Supplementary Information

FORT DODGE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue		
	Management	Student	
	Levy	Activity	Total
Assets			
Cash and pooled investments	\$ 929,643	\$ 414,558	\$ 1,344,201
Receivables:			
Property tax:			
Current year	16,007	-	16,007
Succeeding year	900,004	-	900,004
Total assets	\$ 1,845,654	\$ 414,558	\$ 2,260,212
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 5,213	\$ 25,838	\$ 31,051
Interfund payable	-	98,856	98,856
Deferred revenue:			
Succeeding year property tax	900,004	-	900,004
Total liabilities	905,217	124,694	1,029,911
Fund balances:			
Restricted for:			
Management levy purposes	940,437	-	940,437
Student activities	-	289,864	289,864
Total fund balances	940,437	289,864	1,230,301
Total liabilities and fund balances	\$ 1,845,654	\$ 414,558	\$ 2,260,212

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2011

	Special Revenue		
	Management	Student	
	Levy	Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 1,238,910	\$ -	\$ 1,238,910
Other	84,342	812,440	896,782
State sources	896	-	896
Total revenues	<u>1,324,148</u>	<u>812,440</u>	<u>2,136,588</u>
Expenditures:			
Current:			
Instruction	834,121	873,857	1,707,978
Support services:			
Instructional staff services	38,934	-	38,934
Administration services	63,267	-	63,267
Operation and maintenance of plant services	134,120	-	134,120
Transportation services	81,497	-	81,497
Total expenditures	<u>1,151,939</u>	<u>873,857</u>	<u>2,025,796</u>
Excess (deficiency) of revenues over (under) expenditures	172,209	(61,417)	110,792
Other financing sources (uses):			
Interfund transfers in	-	8,275	8,275
Interfund transfers out	(14,886)	-	(14,886)
Total other financing sources (uses)	<u>(14,886)</u>	<u>8,275</u>	<u>(6,611)</u>
Net change in fund balances	157,323	(53,142)	104,181
Fund balances beginning of year	<u>783,114</u>	<u>343,006</u>	<u>1,126,120</u>
Fund balances end of year	<u>\$ 940,437</u>	<u>\$ 289,864</u>	<u>\$ 1,230,301</u>

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2011

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 3,652,580	\$ 467,778	\$ 4,120,358
Receivables:			
Property tax:			
Current year	-	10,642	10,642
Succeeding year	-	865,557	865,557
Intrafund receivable*	191,000	-	191,000
Due from other governments	452,761	-	452,761
Total assets	\$ 4,296,341	\$ 1,343,977	\$ 5,640,318
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 150,347	\$ 1,386	\$ 151,733
Intrafund payable*	-	191,000	191,000
Deferred revenue:			
Succeeding year property tax	-	865,557	865,557
Total liabilities	150,347	1,057,943	1,208,290
Fund balances:			
Restricted for:			
School infrastructure	4,145,994	-	4,145,994
Physical plant and equipment	-	286,034	286,034
Total fund balances	4,145,994	286,034	4,432,028
Total liabilities and fund balances	\$ 4,296,341	\$ 1,343,977	\$ 5,640,318

* These amounts have been eliminated from the basic financial statements.

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2011

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 3,051,186	\$ 836,367	\$ 3,887,553
Other	90,227	109,047	199,274
State sources	-	586	586
Total revenues	<u>3,141,413</u>	<u>946,000</u>	<u>4,087,413</u>
Expenditures:			
Current:			
Support services:			
Instructional staff services	-	128,010	128,010
Administration services	22,308	8,512	30,820
Operation and maintenance of plant services	-	34,474	34,474
Transportation services	-	5,969	5,969
Other expenditures:			
Facilities acquisition	4,579,173	383,319	4,962,492
Total expenditures	<u>4,601,481</u>	<u>560,284</u>	<u>5,161,765</u>
Excess (deficiency) of revenues over (under) expenditures	(1,460,068)	385,716	(1,074,352)
Other financing sources (uses):			
Interfund transfers in	-	55,670	55,670
Intrafund transfers in (out)*	(59,316)	59,316	-
Total other financing sources (uses)	<u>(59,316)</u>	<u>114,986</u>	<u>55,670</u>
Net change in fund balances	(1,519,384)	500,702	(1,018,682)
Fund balances beginning of year, as restated	<u>5,665,378</u>	<u>(214,668)</u>	<u>5,450,710</u>
Fund balances end of year	<u>\$ 4,145,994</u>	<u>\$ 286,034</u>	<u>\$ 4,432,028</u>

* These amounts have been eliminated from the basic financial statements.

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues and Other Financing Sources	Expenditures	Balance End of Year
High School:				
Council	\$ 318	\$ 2,048	\$ 2,307	\$ 59
Activity Club	134,426	9,188	4,202	139,412
Video Club	132	-	-	132
Birdseye Book Club	6,745	1,177	2,935	4,987
Professional Development	2,744	-	-	2,744
Magazines	2,792	-	-	2,792
Porter Fund	(3,572)	6,290	5,241	(2,523)
Student Flowers	191	560	746	5
District-wide Start School	3,115	-	1,007	2,108
Community Holiday Party	2	-	-	2
Speak Camp	157	-	-	157
Bus Garage Pop Money	3,775	1,517	1,796	3,496
HS Girls Tennis Fundraiser	3,398	7,148	7,558	2,988
HS Cross Country Fundraiser	786	3,281	3,950	117
Computer Media	(71)	360	393	(104)
Dodger Diner	1,398	1,890	1,670	1,618
Bridges Tipp	233	-	247	(14)
Bridges Fundraiser	3,941	1	641	3,301
Kayla Jones Scholarship	1,000	-	500	500
Drama Club	7,065	696	369	7,392
Debate Club	(9,922)	2,531	6,689	(14,080)
Speech Club	1,982	-	1,454	528
Vocal Music	3,028	448	2,576	900
Band Club	26,860	18,865	13,100	32,625
Coed Cross Country	-	3,638	3,638	-
HS Boys Basketball	-	8,081	8,081	-
HS Football	-	20,553	20,553	-
HS Boys Soccer	5,000	224	5,224	-
HS Boys Baseball	1	18,382	18,383	-
HS Boys Track	4,158	672	4,830	-
HS Boys Tennis	-	1,587	1,587	-
HS Boys Golf	-	5,590	5,590	-
HS Boys Swimming	1,500	3,590	5,090	-
HS Boys Bowling	1,685	1,098	2,783	-
HS Wrestling	-	14,223	14,223	-
HS Girls Basketball	-	10,519	10,519	-
HS Volleyball	-	7,410	7,410	-
HS Girls Soccer	2,407	812	3,219	-

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues and Other Financing Sources	Expenditures	Balance End of Year
High School (continued):				
HS Girls Softball	\$ -	\$ 15,431	\$ 15,431	\$ -
HS Girls Track	4,158	4,886	9,044	-
HS Girls Tennis	-	4,253	4,253	-
HS Girls Golf	-	1,951	1,951	-
HS Girls Swimming	-	6,439	6,439	-
HS Girls Bowling	385	1,412	1,797	-
HS Activity	(48,431)	14,793	-	(33,638)
Cap and Gown	3,380	5,807	5,933	3,254
Concessions	189	-	-	189
Wrestling	(8,861)	1,874	2,265	(9,252)
Girls Swim Fundraiser	784	2,217	2,361	640
Student PCCL	5,420	26,175	32,534	(939)
Senior Dinner Dance	444	820	816	448
Centel Pay Phone	(1,176)	6,174	5,302	(304)
Girls Track Fundraiser	5,798	5,629	11,353	74
Musical Club	1,093	9,635	13,698	(2,970)
VICA	605	-	-	605
French Club	526	-	479	47
Spanish Club	2,873	645	1,599	1,919
German Club	679	4,667	4,656	690
Cheerleaders	5,102	61,098	72,950	(6,750)
Yearbook	(5,622)	37,673	41,694	(9,643)
Newspaper	1,749	6,094	8,087	(244)
SADD	1,043	265	1,300	8
Huseman All State	3,345	4,154	7,314	185
Advanced Placement	3,386	-	-	3,386
FCY PCCL	7,419	15,387	12,274	10,532
DECA	1,063	2,878	3,021	920
National Honor Society	1,293	1,079	608	1,764
Activity Tickets	-	1,298	1,298	-
Class of 2002	223	-	-	223
Class of 2003	223	-	-	223
Class of 2004	183	-	-	183
Class of 2005	223	-	-	223
Junior Citizen	289	481	702	68
Orchestra Club	-	91	-	91
Art Festival	611	140	364	387
Tournaments	15,185	101,311	85,726	30,770

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues and Other Financing Sources	Expenditures	Balance End of Year
High School (continued):				
Football Fundraisers	\$ 5,902	\$ 22,536	\$ 32,313	\$ (3,875)
Girls Basketball Fundraisers	2,964	9,390	8,442	3,912
Boys Basketball Fundraisers	57	7,517	4,041	3,533
Orchestra Trip	2,327	656	209	2,774
Jamar Funds	711	-	-	711
Baseball Fundraisers	1,491	15,369	19,322	(2,462)
Volleyball Fundraisers	11,903	10,043	13,346	8,600
Science Club Fundraisers	681	-	-	681
Softball Fundraisers	4,634	15,253	18,065	1,822
Dodger Senate	14,735	8,983	9,078	14,640
Drill Team	1,165	3,916	1,909	3,172
Weight Room	134	-	-	134
English Club Donut Account	158	-	-	158
Math Prize	4,100	779	281	4,598
Art Club	1,107	-	-	1,107
Scoreboard Advertising	7,382	12,270	6,906	12,746
Boys Swim Fundraiser	2,441	769	1,056	2,154
Girls Soccer Fundraiser	2,598	4,974	6,531	1,041
Boys Soccer Fundraiser	1,206	-	485	721
Boys Golf Fundraiser	(1,170)	-	-	(1,170)
Boys Tennis Fundraiser	90	651	600	141
Boys Track Fundraiser	(213)	2,628	2,431	(16)
Freshman Academy	2,428	-	411	2,017
Girls Bowling Fundraiser	111	868	-	979
Boys Bowling Fundraiser	20	888	-	908
Phillips Middle School:				
Other Unreserved Fund Balance	-	100	100	-
Girls Golf Fundraiser	-	361	251	110
Vocal Music	4,476	8,693	8,174	4,995
Instrumental	3,346	5,373	5,031	3,688
Phillips Orchestra	1,299	50	-	1,349
Boys Basketball	-	5,844	5,844	-
Football Fundraiser	14,167	1,544	6,515	9,196
Boys Track	-	942	942	-
Boys Wrestling	-	2,473	2,473	-
Girls Basketball	-	5,225	5,225	-
Girls Volleyball	200	4,389	4,423	166
Girls Track	1,589	776	2,365	-

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues and Other Financing Sources	Expenditures	Balance End of Year
Phillips Middle School (continued):				
PCCL	\$ 81	\$ 5,944	\$ 6,526	\$ (501)
Activities	(27,263)	-	9,666	(36,929)
Yearbook	(900)	10,260	12,559	(3,199)
7th Red	1,008	16,772	16,812	968
7th White	(106)	279	-	173
7th Black	2,540	13,072	10,454	5,158
8th Red	2,238	11,387	9,216	4,409
8th Blue	3,681	7,432	6,313	4,800
Start School	2,084	-	2,084	-
Cross Country	-	3,138	3,138	-
Allsport Machine	(674)	8,418	7,967	(223)
Juice Machine	56	-	-	56
S Larsen	1,430	2,262	1,193	2,499
Student Planner	(105)	155	3,167	(3,117)
Wrestling Fundraiser	928	4,092	7,005	(1,985)
Participation Fees	5	-	-	5
Softball	653	-	94	559
BD Classes Income	118	-	-	118
Postive Behavior Support	3,755	4,784	4,475	4,064
E-Pals	195	-	-	195
Fair Oakes Middle School:				
Vocal Music	3,615	110	3,097	628
Instrumental	1,149	540	361	1,328
Activities	(2,815)	-	-	(2,815)
PCCL	793	2,437	1,493	1,737
Yearbook	5,981	3,610	5,046	4,545
6th Red	1,126	5,139	5,115	1,150
6th Blue	548	5,332	4,751	1,129
6th Gold	975	4,815	5,400	390
5th Red	770	7,099	6,891	978
5th Blue	84	5,836	4,077	1,843
5th Gold	204	6,280	5,207	1,277
Juice Machine	185	3,090	2,567	708
Pencil Sales	734	623	576	781
Mile of Pennies	2,044	100	1,289	855
Student Planner	1,320	2,778	-	4,098
Book Fair	202	410	66	546

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues and Other Financing Sources	Expenditures	Balance End of Year
Elementary:				
Butler PCCL	\$ 264	\$ 1,914	\$ 2,348	\$ (170)
Butler Activity	2,762	1,103	235	3,630
Cooper PCCL	487	4,242	4,390	339
Cooper Library Club	391	-	-	391
Cooper Activities	16,786	10,353	7,355	19,784
Cooper School Shop N Share	189	-	-	189
Duncombe PCCL	67	2,276	2,101	242
Duncombe Reading Supplement	430	264	-	694
Feelhaver PCCL	1,366	1,111	1,340	1,137
Feelhaver Activities	4,155	4,766	5,567	3,354
Hillcrest PCCL	1,669	399	2,310	(242)
Hillcrest Activities	2,312	2,627	4,770	169
Riverside PCCL	(196)	1,693	1,857	(360)
Riverside School Council	1,139	-	1,031	108
Riverside Activities	1,060	1,798	1,354	1,504
Alternative PCCL	2,592	1,579	2,065	2,106
Total	\$ 343,006	\$ 820,715	\$ 873,857	\$ 289,864

See accompanying independent auditor's report.

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FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2011	2010	2009	2008
Revenues:				
Local sources:				
Local tax	\$ 17,843,213	\$ 16,550,866	\$ 17,570,913	\$ 15,044,903
Tuition	1,489,211	1,062,901	1,147,876	1,118,721
Other	1,565,601	1,540,162	1,717,814	2,051,673
Intermediate sources	-	144,810	25,979	30
State sources	22,210,714	20,009,076	22,641,130	21,631,978
Federal sources	3,823,588	4,981,956	2,910,717	2,037,000
Total revenues	<u>\$ 46,932,327</u>	<u>\$ 44,289,771</u>	<u>\$ 46,014,429</u>	<u>\$ 41,884,305</u>
Expenditures:				
Instruction	\$ 27,416,574	\$ 26,606,333	\$ 26,846,640	\$ 25,951,527
Support services:				
Student services	1,917,455	1,933,935	1,967,015	1,802,069
Instructional staff services	2,623,174	2,440,974	2,567,440	1,692,107
Administration services	3,808,152	3,754,908	3,865,335	3,730,001
Operation and maintenance of plant services	2,981,523	2,984,298	3,064,931	3,215,165
Transportation services	1,075,374	1,680,534	968,941	1,243,037
Non-instructional programs	9,027	35,180	25,049	13,391
Other expenditures:				
Facilities acquisition	4,962,492	2,114,401	2,216,729	1,304,281
Long-term debt:				
Principal	-	-	-	2,250,000
Interest and fiscal charges	-	-	-	89,943
AEA flowthrough	1,748,108	1,744,044	1,559,569	1,496,741
Total expenditures	<u>\$ 46,541,879</u>	<u>\$ 43,294,607</u>	<u>\$ 43,081,649</u>	<u>\$ 42,788,262</u>

See accompanying independent auditor's report.

<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 14,605,291	\$ 14,715,512	\$ 13,765,849
1,003,395	901,333	760,724
2,058,468	1,828,077	1,416,896
39,655	2,150	-
20,250,336	18,836,062	18,249,076
2,015,599	1,818,330	1,953,405
<u>\$ 39,972,744</u>	<u>\$ 38,101,464</u>	<u>\$ 36,145,950</u>
\$ 24,472,714	\$ 22,472,567	\$ 22,144,273
1,738,220	1,676,128	1,227,542
1,809,342	1,874,893	1,506,657
3,718,929	3,455,908	2,853,328
2,878,088	3,047,374	2,507,734
1,095,187	993,752	922,757
25,755	24,210	50,297
902,477	1,232,599	1,993,757
1,045,000	990,000	945,000
160,488	212,495	262,620
1,430,875	1,333,850	1,307,783
<u>\$ 39,277,075</u>	<u>\$ 37,313,776</u>	<u>\$ 35,721,748</u>

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 11	\$ 214,746
National School Lunch Program	10.555	FY 11	798,090
National School Lunch Program (non-cash)	10.555	FY 11	131,606
			<u>1,144,442</u>
Fresh Fruit and Vegetable Program	10.558	FY 11	<u>32,613</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster Programs:			
Title I Grants to Local Educational Agencies	84.010	2313-G-11	921,604
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY 11	325,160
			<u>1,246,764</u>
Career and Technical Education - Basic Grants to States	84.048	FY 10	508
Career and Technical Education - Basic Grants to States	84.048	FY 11	58,547
			<u>59,055</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 10	<u>5,698</u>
Special Education - Preschool Grants	84.173	FY 11	<u>6,552</u>
Twenty-First Century Community Learning Centers	84.287	FY 11	<u>75,000</u>
Improving Teacher Quality State Grants	84.367	FY 11	<u>271,613</u>
Grants for State Assessments and Related Activities	84.369	FY 10	<u>19,333</u>
State Fiscal Stabilization Fund Cluster Programs:			
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 11	207,027
ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	FY 11	184,658
			<u>391,685</u>
Education Jobs Fund	84.410	FY 11	<u>605,079</u>

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect (continued):			
U. S. Department of Education (continued):			
Prairie Lakes Area Education Agency:			
Special Education Cluster Programs:			
Special Education - Grants to States	84.027	FY 11	<u>244,073</u>
U. S. Department of Health and Human Services:			
Iowa Department of Education:			
Cooperative Agreements to Support Comprehensive			
School Health Programs to Prevent the Spread of			
HIV and Other Important Health Problems	93.938	FY 11	<u>850</u>
Total			<u>\$ 4,102,757</u>

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Fort Dodge Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Fort Dodge Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Fort Dodge Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 13, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fort Dodge Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fort Dodge Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Fort Dodge Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. No material weaknesses in internal control over financial reporting were noted.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fort Dodge Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Fort Dodge Community School District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Fort Dodge Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Fort Dodge Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Fort Dodge Community School District and other parties to whom Fort Dodge Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Fort Dodge Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
January 13, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of
Fort Dodge Community School District:

Compliance

We have audited Fort Dodge Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Fort Dodge Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Fort Dodge Community School District's management. Our responsibility is to express an opinion on Fort Dodge Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fort Dodge Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Fort Dodge Community School District's compliance with those requirements.

In our opinion, Fort Dodge Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Fort Dodge Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Fort Dodge Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fort Dodge Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no material weaknesses in internal control over compliance with major programs during the course of our audit.

Fort Dodge Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Fort Dodge Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Fort Dodge Community School District and other parties to whom Fort Dodge Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
January 13, 2012

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.410 – Education Jobs Fund
 - Clustered programs:
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act
 - Clustered programs:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund – Education State Grants, Recovery Act
 - CFDA Number 84.397 – ARRA – State Fiscal Stabilization Fund – Government Services, Recovery Act
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Fort Dodge Community School District qualified as a low-risk auditee.

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

II-A-11 Financial Condition – The District’s Special Revenue, Student Activity Fund had several individual accounts with deficit balances as of June 30, 2011 totaling \$137,524.

Recommendation – The District should continue to monitor this situation and investigate alternatives to eliminate the deficits.

Response – We are working on this at this time and will review disbursement approval methods for the Student Activity accounts.

Conclusion – Response accepted.

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiency:

No matters were reported.

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011, exceeded the amount budgeted in the other expenditures function.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – We will amend our budget before expenditures exceed the budget in the future.

Conclusion – Response accepted.

- IV-B-11 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

- IV-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- IV-D-11 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kevin Rogers, Board Member	Officiating	\$290
Brian Forsythe, Board Member Owner of Hiway Truck Equipment	School supplies	\$1,031

In accordance with Chapter 279.7A of the Code of Iowa, the above transactions do not appear to represent a conflict of interest since the cumulative amount was less than \$2,500 for the fiscal year.

- IV-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

- IV-F-11 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

- IV-G-11 Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education for October 1, 2010 was understated by two students. The District’s certified enrollment count was understated due to the exclusion of two students who attended school in fiscal year 2011.

Recommendation – The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response – We will contact the Iowa Department of Education and the Department of Management.

Conclusion – Response accepted.

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-J-11 Certified Annual Report – The Certified Annual Report was not certified to the Iowa Department of Education in a timely manner. However, we noted no significant deficiencies in the amounts reported.

Recommendation – The Certified Annual Report should be certified to the Department of Education in a timely manner in the future.

Response – We were aware that the report was not timely certified. We delayed certification to ensure the accuracy of the amounts reported. We have contacted the Iowa Department of Education regarding this matter.

Conclusion – Response accepted.

- IV-K-11 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-L-11 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	5,665,378
Revenues:			
Sales tax revenues	\$	3,051,186	
Other local revenues		<u>90,227</u>	<u>3,141,413</u>
Expenditures/transfers out:			
School infrastructure construction		2,864,011	
Land purchased		1,715,162	
Equipment		22,308	
Transfers to other funds:			
Other transfers		<u>59,316</u>	<u>4,660,797</u>
Ending balance		\$	<u><u>4,145,994</u></u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.